

Thomson Reuters Corporation

Reconciliation of Adjusted Earnings Per Share (EPS) ⁽¹⁾⁽²⁾ Excluding the Effects of Foreign Currency (Slides 5 & 6)

(U.S. Dollars)

(unaudited)

	Three Months Ended December 31,					
	2017		2016		\$ Change	
	Total	Foreign Currency	Before Currency	Total	Foreign Currency	Before Currency
Adjusted EPS	\$ 0.60	\$ 0.31	\$ 0.29	\$ 0.02	\$ 0.27	
<u>Excluding 2016 severance charges from prior-year period amounts</u>						
Adjusted EPS	\$ 0.60	\$ 0.60	\$ -	\$ 0.03	\$ (0.03)	
	Twelve Months Ended December 31,					
	2017		2016		\$ Change	
	Total	Foreign Currency	Before Currency	Total	Foreign Currency	Before Currency
Adjusted EPS	\$ 2.51	\$ 1.79	\$ 0.72	\$ 0.02	\$ 0.70	

(1) Adjusted earnings and adjusted EPS include dividends declared on preference shares but exclude the post-tax impacts of fair value adjustments, amortization of other identifiable intangible assets, other operating gains and losses, certain asset impairment charges, other finance costs or income, Thomson Reuters share of post-tax (earnings) losses in equity method investments, discontinued operations and other items affecting comparability. Thomson Reuters calculates the post-tax amount of each item excluded from adjusted earnings based on the specific tax rules and tax rates associated with the nature and jurisdiction of each item. Adjusted EPS is calculated using diluted weighted-average shares and does not represent actual earnings or loss per share attributable to shareholders. Thomson Reuters uses adjusted earnings and adjusted EPS as they provide a more comparable basis to analyze earnings and they are also measures commonly used by shareholders to measure the company's performance.

(2) The change in adjusted earnings per share before currency (at constant currency or excluding the effects of currency) is determined by converting the current and prior period's local currency equivalent using the same exchange rates.

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Reconciliation of Financial & Risk Revenue Growth Rate Excluding the Effects of Foreign Currency⁽¹⁾ (Slide 16)

(millions of U.S. Dollars)

(unaudited)

	Twelve Months Ended December 31,		% Change		
	2013	2012	Total	Foreign Currency	Before Currency
Revenue	\$ 6,648	\$ 6,802	-2%	-1%	-1%

(1) The changes in revenues before currency (at constant currency or excluding the effects of currency) are determined by converting the current and prior-year period's local currency equivalent using the same exchange rates.

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Reconciliation of Financial & Risk Adjusted EBITDA Margin⁽¹⁾ Excluding Charges (Slide 16)

(millions of U.S. Dollars except for adjusted EBITDA margins)

(unaudited)

	Twelve Months Ended December 31, 2013	
	2013	Margin
Adjusted EBITDA ⁽¹⁾	\$ 1,457	21.9%
Charges ⁽²⁾	172	
<u>Excluding 2013 charges</u>		
Adjusted EBITDA ⁽¹⁾	\$ 1,629	24.5%

(1) Thomson Reuters defines adjusted EBITDA for its business units as earnings from continuing operations before tax expense or benefit, net interest expense, other finance costs or income, depreciation, amortization of software and other identifiable intangible assets, Thomson Reuters share of post-tax (earnings) losses in equity method investments, other operating gains and losses, certain asset impairment charges, fair value adjustments and corporate related items. Adjusted EBITDA margin is adjusted EBITDA expressed as a percentage of revenues.

(2) Charges incurred in Q4 2013 (largely severance) associated with simplification initiatives.

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Reconciliation of Net Debt to Adjusted EBITDA and Debt Outstanding⁽¹⁾ (Slides 20 & 21)

(millions of U.S. Dollars)

(unaudited)

	December 31, 2013 ⁽²⁾	December 31, 2014 ⁽²⁾	December 31, 2015 ⁽²⁾	December 31, 2016	December 31, 2017
Current indebtedness	776	664	1,595	1,111	1,644
Long-term indebtedness	7,470	7,576	6,829	6,278	5,382
Total debt	8,246	8,240	8,424	7,389	7,026
Swaps	(86)	207	370	327	246
Total debt after swaps	8,160	8,447	8,794	7,716	7,272
Remove fair value adjustments for cash flow hedges	(27)	6	26	23	9
Remove transaction costs and discounts included in the carrying value of debt	78	78	67	65	59
Less: cash and cash equivalents	(1,496)	(1,148)	(966)	(2,368)	(874)
Net debt⁽¹⁾	6,715	7,383	7,921	5,436	6,466
Adjusted EBITDA	3,134	3,307	3,392	2,954	3,437
Net Debt / Adjusted EBITDA	2.1x	2.2x	2.3x	1.8x	1.9x

(1) Net debt is total indebtedness including the associated fair value of hedging instruments on our debt, but excluding unamortized transaction costs and premiums or discounts associated with debt, less cash and cash equivalents. Net debt provides a measure of indebtedness in excess of the current cash available to pay down debt. Given that we hedge some of our debt to reduce risk, we include hedging instruments as we believe it provides a better measure of the total obligation associated with our outstanding debt. However, because we intend to hold our debt and related hedges to maturity, we do not consider certain components of the associated fair value of hedges in our measurements. We reduce gross indebtedness by cash and cash equivalents on the basis that they could be used to pay down debt. Debt outstanding is net debt less cash and cash equivalents.

(2) The December 2015, 2014, and 2013 cash and cash equivalents, and current indebtedness balances have been revised following guidance issued in April 2016 by the International Financial Reporting Committee regarding when bank overdraft in cash-pooling arrangements would meet the requirements for offsetting. There is no change to net debt reported for any period presented.

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Reconciliation of Net Earnings and Earnings from Continuing Operations to Adjusted EBITDA ⁽¹⁾

FOR USE IN COMPUTATION OF NET DEBT TO ADJUSTED EBITDA (Slide 20)

(millions of U.S. Dollars)

(unaudited)

	<u>FY 2013 ⁽²⁾</u>	<u>FY 2014 ⁽²⁾</u>	<u>FY 2015 ⁽²⁾</u>	<u>FY 2016 ⁽³⁾</u>	<u>FY 2017</u>
Net earnings (2013-2015)/Earnings from continuing operations (2016-2017)	\$ 175	\$ 1,959	\$ 1,311	\$ 1,056	\$ 1,462
Adjustments:					
Tax expense (benefit)	848	62	56	(15)	(274)
Other finance costs (income)	53	85	(39)	(50)	203
Net interest expense	460	442	416	403	362
Amortization of other identifiable intangible assets	641	647	581	528	468
Amortization of computer software	773	778	752	711	699
Depreciation	416	397	347	313	296
EBITDA	<u>3,366</u>	<u>4,370</u>	<u>3,424</u>	<u>2,946</u>	<u>3,216</u>
Adjustments:					
Share of post tax (earnings) losses in equity method investments	(20)	(3)	(10)	(4)	2
Other operating (gains) losses, net	(198)	(969)	(15)	(8)	36
Fair value adjustments	(14)	(91)	(7)	20	183
Adjusted EBITDA ⁽¹⁾	<u><u>\$ 3,134</u></u>	<u><u>\$ 3,307</u></u>	<u><u>\$ 3,392</u></u>	<u><u>\$ 2,954</u></u>	<u><u>\$ 3,437</u></u>

(1) Thomson Reuters defines adjusted EBITDA for its business units as earnings from continuing operations before tax expense or benefit, net interest expense, other finance costs or income, depreciation, amortization of software and other identifiable intangible assets, Thomson Reuters share of post-tax (earnings) losses in equity method investments, other operating gains and losses, certain asset impairment charges, fair value adjustments and corporate related items. Consolidated adjusted EBITDA is comprised of adjusted EBITDA for its business units and Corporate & Other.

(2) For 2013-2015 adjusted EBITDA in the net debt to adjusted EBITDA ratio includes the adjusted EBITDA of discontinued operations.

(3) For 2016 adjusted EBITDA excludes discontinued operations as the proceeds from the sale of the IP&S business were used to repay debt. Excluding the adjusted EBITDA from discontinued operations puts the denominator on a like basis to the numerator in the net debt to adjusted EBITDA calculation.

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Calculation of Return on Invested Capital (ROIC) (Slide 22)

(millions of U.S. Dollars)

(unaudited)

	2013	2014	2015	2016	2016 Charges	2016 Excluding Charges	2017 (DRAFT)
Calculation of adjusted operating profit after taxes							
Operating profit	1,318	2,333	1,526	1,390	212	1,602	1,755
Adjustments to remove:							
Amortization of other identifiable intangible assets	599	605	548	528	-	528	468
Fair value adjustments	(15)	(92)	(6)	20	-	20	183
Other operating (gains) losses, net	(199)	(970)	(13)	(8)	-	(8)	36
Adjusted operating profit - continuing operations ⁽²⁾	1,703	1,876	2,055	1,930	212	2,142	2,442
Net cash taxes paid on operations ⁽³⁾	(137)	(224)	(187)	(48)	-	(48)	(208)
Post-tax adjusted operating profit - continuing operations	1,566	1,652	1,868	1,882	212	2,094	2,234
Post-tax adjusted operating profit - discontinued operations	143	209	220	101	-	101	(5)
Consolidated post-tax adjusted operating profit	1,709	1,861	2,088	1,983	212	2,195	2,229
Calculation of invested capital							
Trade and other receivables	1,751	1,810	1,732	1,392	-	1,392	1,457
Prepaid expenses and other current assets	650	657	683	686	-	686	548
Computer hardware and other property, net	1,291	1,182	1,067	961	-	961	921
Computer software, net	1,622	1,529	1,486	1,394	-	1,394	1,458
Other identifiable intangible assets (excludes accumulated amortization)	12,818	12,528	12,200	11,367	-	11,367	11,629
Goodwill ⁽⁴⁾	17,130	16,566	16,036	14,652	-	14,652	15,268
Payables, accruals and provisions	(2,624)	(2,443)	(2,255)	(2,448)	173	(2,275)	(2,086)
Deferred revenue	(1,348)	(1,355)	(1,319)	(901)	-	(901)	(937)
Present value of operating leases ⁽⁵⁾	1,254	1,111	1,027	1,195	-	1,195	1,025
Total invested capital	32,544	31,585	30,657	28,298	173	28,471	29,283
Average invested capital	32,448	32,065	31,121	29,478		29,564	28,791
Return on invested capital ⁽¹⁾	5.3%	5.8%	6.7%	6.7%	0.7%	7.4%	7.7%

(1) ROIC is calculated as adjusted operating (loss) profit after net taxes paid expressed as a percentage of the average invested capital during the period. Thomson Reuters uses a return on invested capital as it provides a measure of how efficiently the company allocates resources to profitable activities and is indicative of our ability to create value for our shareholders.

(2) Adjusted operating profit includes operating (profit) losses from other businesses.

(3) Excludes cash taxes paid on the disposal of businesses, investments and discontinued operations.

(4) Goodwill has not been reduced, in any period, by the accumulated impairments of \$ 2.8 billion, \$2.7 billion, \$2.8 billion, \$2.8 billion, \$3.0 billion in 2017, 2016, 2015, 2014, and 2013, respectively. Goodwill excludes amounts associated with deferred taxes of \$2.6 billion, \$2.5 billion, \$2.6 billion, \$2.6 billion, \$2.7 billion, in 2017, 2016, 2015, 2014, and 2013, respectively, arising from acquisition accounting.

(5) Represents present value of operating leases primarily for real property and equipment contracted in the ordinary course of business.